# STATE OF CALIFORNIA EMPLOYMENT TRAINING PANEL MEETING

Holiday Inn Capitol Plaza 300 J Street Sacramento, California 95814 August 23, 2001

### **PANEL MEMBERS**

Marsha Kwalwasser Acting Chairperson

> David Brown Member

Aram Hodess Member

Robert Holstein Member

Robert Lennox Member

Patricia Murphy Member

> Tom Rankin Member

# **Executive Staff**

Ada Carrillo Acting Assistant Director

> Peter G. DeMauro General Counsel

# STATE OF CALIFORNIA EMPLOYMENT TRAINING PANEL MEETING

Holiday Inn Capitol Plaza 300 J Street Sacramento, California 95814 August 23, 2001

#### I. CALL TO ORDER

Ms. Kwalwasser, Acting Chairperson, called the public Panel meeting to order at 9:05 a.m.

#### II. ROLL CALL

Members Present
Marsha Kwalwasser, Acting Chairperson
Aram Hodess
Robert Holstein
Robert Lennox
Pat Murphy
Tom Rankin

Members Absent David Brown

Executive Staff Present
Ada Carrillo, Acting Assistant Director
Peter DeMauro, General Counsel

#### III. APPROVAL OF AGENDA

Ms. Kwalwasser stated the Proposed Agreement for the California Bankers
Association may be taken out of order and presented in conjunction with the Update
on Career Ladders and Tech Force Initiative. The California Bankers Association
Proposed Agreement is a joint development effort between ETP and the Employment
Development Department and contains a Career Ladders component.

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve the

Agenda.

Motion carried, 6-0.

#### IV. APPROVAL OF MINUTES

ACTION: Mr. Rankin moved and Mr. Brown seconded the Panel approve the

minutes with a correction on page 6, Action on Dental Masters, adding as

amended to the approval; and correcting Mr. Kwalwasser to

Ms. Kwalwasser on page 8.

Motion carried, 6-0.

Ms. Kwalwasser inquired about the status of the GenCorp proposal that was referred to the Executive Director for approval. Mr. DeMauro reported the proposal was approved.

#### V. REPORTS OF THE CHAIR PERSON/PANEL MEMBERS

Mr. Rankin reported on the newly formed ETP Legislative Committee. He stated he met with Assembly Member Paul Koretz, Chairman of the Assembly Labor Committee, and discussed the Panel's interest in building a stronger relationship with legislators. Mr. Rankin requested a Committee meeting prior to the September Panel meeting.

#### VI. REPORT OF THE EXECUTIVE DIRECTOR/GENERAL COUNSEL

Mr. DeMauro stated the Panel had moved at a previous meeting to delegate authority to the Executive Director to approve projects in the case of a lack of a quorum. He asked the Panel if it wanted to consider the motion as a continuing motion or present the motion, if necessary, at each meeting.

ACTION: Mr. Rankin moved and Mr. Hodess seconded the Panel consider

*making a motion* at each meeting, if a lack of a quorum exists, to delegate to the Executive Director the authority to approve proposals.

Motion carried, 6-0.

Mr. DeMauro reported the Department of Finance concluded a peer level review of ETP's Audit Unit and the report was complimentary of the Unit's adherence to protocols.

Mr. DeMauro stated he has convened a Small Business Group consisting of senior analysts and managers within ETP for the purpose of reviewing small business participation in the ETP program.

#### VII. CAREER LADDERS AND TECH FORCE INITIATIVE

Michael Bernick, Director, Employment Development Department, spoke on industrywide training and training that focuses on the lower wage workers. He stated he has met with industry associations throughout the State and with labor unions. He stated he has been working with specific industries to introduce the prospect of setting up levels of advancement or structure within a job category in order to move workers up the career ladder into higher paying jobs. For example, a Certified Nursing Assistant (CNA) would move up to Senior CNA to Master CNA, etc. He mentioned the possibility of tying training for the low wage workforce to wage subsidies that are now available. Ms. Murphy posed the question of how a "whole-industry" training program will work without being directed by individual employers. Mr. DeMauro stated ETP is working with EDD on each proposal making sure it meets regulations and policies. Mr. Rankin stated a career ladder, to him, means upward movement into a higher paying job and not moving laterally from one job category to another. Mr. Holstein asked if a company could "indenture" an employee who has gone through an intensive training program in order to retain that employee and keep him from moving on to another company. Mr. Hodess stated there has to be some incentives to retain workers. Mr. Bernick replied that industries need to change the structure of job categories. The Panel requested the California Bankers Association project be presented.

#### **California Bankers Association**

Creighton Chan, manager of ETP's San Mateo field office, presented a Proposed Agreement for California Bankers Association (CBA) in the amount of \$494,284. This project proposes to retrain 889 workers in Business Skills; 600 workers will be enrolled under a Career Ladders category, and 289 employees will be frontline workers earning at least \$19.34 per hour. Staff requested Panel guidance with regard to whether (1) the wage range of \$19.24 to \$57.81 constitutes low-wage jobs; (2) the curriculum will provide the skills necessary to advance; (3) non-vertical career movement can constitute advancement; and (4) the inability to predict promotional opportunities is consistent with the Career Ladders' regulatory provision. Staff requested a Panel determination on the Contractor's request for a waiver of the ETP minimum wage to allow \$8.38 per hour for the Career Ladders portion.

Mr. Chan introduced Michael Jones, CBA Senior Vice President; and Steve Duscha of Steve Duscha Advisories. Mr. Jones stated this proposed project would provide employees with multiple skills to enable them to move up the career ladders within their own banks and within the banking industry. Mr. Hodess questioned the wage rate of \$19.24 - \$57.81 per hour. Mr. Duscha replied the wages are in two categories: Career Ladders wages are \$8.38 - \$19.24 per hour; frontline worker wages start at \$19.24 per hour. Mr. Jones stated approximately 60 percent of the trainees are in the low wage category. The proposed training will provide the skills for upward mobility. He stated there is the possibility of employees moving laterally in order to move up. He stated that providing trainees with variable skills will provide

the participating banks in the California Bankers Association the opportunity of hiring without having to hire outside of the banking industry. Ms. Murphy asked how the banking industry is going to use this project as a model and she questioned how it is going to be tracked. Mr. Duscha stated there would be ongoing comparisons of information from Web-based survey data. Mr. Bernick suggested, with the limited amount of funds in the SET category, the Career Ladders' projects be removed from the SET category. Mr. Hodess stated he was concerned about money allocated from the limited SET category to fund lower wage Career Ladders' projects would limit even further the SET funds available for the retraining of higher paid workers. Ms. Murphy stated that the original premise of ETP was to show the benefit of training to the employer for the worker. This project is modeling something that will hopefully create a change in the culture. She asked what would be the net added value in the industry, and how will the industry take responsibility for instituting training of its own. Mr. DeMauro stated staff could design specific regulatory language for Career Ladders' projects and present to the Panel for review at the September Panel meeting. Mr. Rankin stated that the tracking of this pilot project is essential.

ACTION: Ms. Murphy moved and Ms. Kwalwasser seconded the Panel approve

the Proposed Agreement.

Motion carried, 6-0.

Mr. DeMauro reported Career Ladders' projects were previously placed into the SET category because ETP's basic enabling legislation requires specific ETP minimum wage and requires, in the case of retrainees, the Company be engaged in out-of-state competition. In order to deal with Career Ladders, knowing that there would be a need for wage waivers and that here would be industries that would not have out-of-state competition, it was necessary to put Career Ladders into the SET category. Mr. Rankin asked staff to present at the September Panel meeting proposed regulatory language for Career Ladders' projects for Panel review.

#### VIII. DEPARTMENT OF SOCIAL SERVICES – CALWORKS

Ms. Kwalwasser introduced Char Lee Metsker, Chief, Department of Social Services Employment and Eligibility Branch, Welfare to Work Division. Ms. Metsker explained the CalWorks program is a transitional, temporary cash benefit program for needy families and provides employment, educational, and support services in order for them to enter the work world. The CalWorks program is a workforce program. The program includes a job-search component that places individuals into the labor market. She explained that the Employment Training Funds dollars allocated by the Legislation to Department of Social Services CalWorks are allocated to each county in California for the costs of childcare and initial education and training. Ms. Metsker stated CalWorks tracks the recipients who get jobs, and their job retention. Ms. Kwalwasser requested ongoing statistics be provided to the Panel.

#### IX. PUBLIC COMMENT

Steve Duscha, Alliance for ETP, stated the Alliance is pleased with the proposed Strategic Plan.

Carlos Lopez, Director of Training Operations, CET, asked the Panel to reconsider the Panel's moratorium on Welfare to Work projects and allow funding for training new hires/entry level individuals and funds for upgrading CalWorks clients in technical occupations for higher paying job opportunities.

#### X. AGREEMENTS AND AMENDMENTS

## TST, Incorporated

Ms. Torres, manager of ETP's San Diego field office, presented a One-Step Agreement for TST, Inc. in the amount of \$151,488 to retrain 135 employees in Business Skills, Computer Skills, Continuous Improvement, Literacy Skills, Management Skills, and Manufacturing Skills. TST, Inc. is a producer, buyer, trader, and processor of aluminum. The Company has estimated that training related costs not covered by ETP funding would be approximately \$263,630 and will include lost productivity of \$158,820, based on an average hourly productivity cost of \$15 per employee. The Company estimated that employee wages paid during training will total approximately \$79,410..

Ms. Torres introduced Luis DeLeon, Plant Manager, and Nora Cortez, Human Resources Manager. Ms. Cortez stated the Company has mainly focused training on safety and recently provided introductory training to begin the Company's adaptation to a high performance workplace. ETP funding will enable the Company to expand the training on a company-wide basis to continue the Company's adaptation to a high performance workplace.

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve the

One-Step Agreement.

Motion carried, 6 - 0.

# Aerojet, A Division of GenCorp, Incorporated

Ms. Kwalwasser recused herself from discussion and action on the GenCorp Aerojet proposal. The gavel was turned over to Mr. Hodess to preside.

Ms. Torres presented a One-Step Agreement for Aerojet, a division of GenCorp, Inc. in the amount of \$890,600 to train 645 employees at the Azusa facility in Continuous

Improvement, Computer Skills, Manufacturing Skills, and Business Skills. Aerojet designs, develops and produces propulsion systems, defense electronics, and smart munitions for the Department of Defense and NASA. Training for 40 frontline workers will utilize SET funds. Company officials state that, even though the Company prefers to hire workers from within California, there is a lack of qualified prospective employees in California to work on missile systems. The Contractor estimates that training related costs not covered by ETP funds would be \$971,000. The training in this proposal is supported by the International Association of Machinist and Aerospace Workers, District Lodge 725.

Ms. Torres introduced Brian Ramsey, Vice President of Human Resources; Denise Altemus-Barden, Manager of Organizational Development/Training; and Ron Kinney, Union Chief Steward of Aerojet Azusa Facility. Mr. Rankin asked why funding for this project will be from two different funding sources. Ms. Carrillo explained that Aerojet does meet the out of state competition criteria for the major portion of the funding but SET funds are needed for 40 trainees that are being recruited from out of state and do not meet the standard eligibility criteria

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve the One-Step Agreement.

Motion carried, 5-0-1 (Ms. Kwalwasser abstained from discussion and vote).

# Alflex Corporation

Ms. Torres presented a One-Step Agreement for Alflex Corporation in the amount of \$185,540. Alflex manufactures aluminum flexible conduit and pre-wired cable. To become a high performance workplace, Alflex proposes to retrain 264 employees in Continuous Improvement, Management Skills, Manufacturing Skills, and Business Skills. These skills will reduce variation, improve productivity and efficiency, and empower frontline workers to identify and solve issues without relying on management staff. Alflex will be paying approximately \$235,605 in wages to workers while in training. Alflex plans to create an environment of continuous training for all staff in the 24-month period following the completion of this Agreement at a cost of approximately \$100,000 per year. Alflex is requesting a waiver to ETP's turnover rate. The Contractor states that the high turnover rate of 34.6 percent was a one-time occurrence attributed to a decline in production due to a significant number of out-of-state and foreign companies entering the marketplace. Company management believes that expanding the product line, implementation of process improvements, and retaining workers through skillenhancement training and compensation adjustments will keep the turnover rate below 20 percent. The turnover rate has decreased significantly to 9.5 percent in the last ten months.

Ms. Torres introduced Jorge Eulloqui, Plant Manager. Mr. Hodess questioned the out of state competition, the market decline, and the possibility of additional lay-offs.

Mr. Eulloqui stated that the Company has been experiencing a gain in profits this past year. Mr. Eulloqui said the Company has been manufacturing and marketing more specialized, profitable products.

Mr. Hodess moved and Ms. Murphy seconded the Panel approve the ACTION:

One-Step Agreement as proposed.

Motion carried, 6-0.

#### Western Nonwovens, Incorporated

Ms. Torres presented a One-Step Agreement for Western Nonwovens, Inc., in the amount of \$152,105. Western Nonwovens (WNI) is the nation's largest manufacturer of highloft and needlepunch nonwoven fabrics serving industrial markets, including home furnishings, filtration, medical, automotive, bedding and furniture. WNI's cost of doing business increased significantly in the past year due to increasing material cost and escalating energy prices. WNI is requesting ETP funding to retrain 115 workers in Continuous Improvement, Manufacturing Skills, and Computer Skills to transform the Company into a high performance workplace. This training proposal has the support of the United Food and Commercial Workers Union Local 1167, AFL-CIO-CLC. WNI anticipates spending approximately \$257,717 for training and training related costs not covered by ETP funding. The Contractor is requesting a waiver to the ETP minimum wage requirement at retention for employees from Los Angeles and the City of Commerce. These cities have been designated as areas with unemployment rates that exceed the State average rate by more than 50 percent. Out of the 115 employees to be trained, 68 earn less than the ETP minimum hourly wage and 11 trainees earn \$6.25 per hour. The post retention wage of each trainee in these jobs will exceed the wage before and during training by 5 percent.

Ms. Torres introduced Bob Puhl, Safety and Environmental Director; Diane Bighead, Vice President of Operations; and Alfredo Real, UFCW Union Representative. Ms. Bighead stated the Company's workforce has remained stable for the past several years mainly due to WNI's acquisition of two competitors now all working as a team.

Ms. Murphy moved and Mr. Lennox seconded the Panel approve the ACTION:

One-Step Agreement.

Motion carried. 6-0.

# American Licorice Company

Mr. Chan presented a One-Step Agreement for America Licorice Company in the amount of \$212,784. Mr. Chan indicated the health benefits contribution is \$2.04, not \$2.75 as set out in the written narrative, which results in a minimum wage of \$13.34 not \$13.75. The project was brought to the Panel's attention by the California Technology Trade and Commerce Agency. American Licorice Company is located in Union City,

California, and produces confections such as Red Vines and traditional black licorices. The firm has been unable to compete efficiently because of its reliance on manual processes. In order to implement World Class Manufacturing status, American Licorice Company must convert to a high performance workplace by retraining 341 employees to learn and prepare for changes in technologies, work processes, and employee interactions. The Bakery, Confectionery, Tobacco Workers and Grain Millers International Union Local 125 approves and supports this retraining program.

Mr. Chan introduced Jeff Gordin, Plant Controller, and Ingrid Jana, Human Resources Manager. Mr. Hodess stated his concern regarding the in-kind contribution for lost wages and production if production has not been interrupted and there is not a loss of product.

ACTION: Mr. Rankin moved and Mr. Holstein seconded the Panel approve the

One-Step Agreement.

Motion carried, 6-0.

#### **Consolidated Engineering Laboratories**

Mr. Chan presented a One-Step Agreement for Consolidated Engineering Laboratories in the amount of \$299,620. Mr. Chan corrected the narrative, on page 3, to read, "Consolidated Engineering Laboratories is requesting ETP assistance in providing funds to train 195 workers ..." not 191 workers. This project will be funded from two funding sources. Consolidated Engineering Laboratories is headquartered in Pleasanton, California, and provides materials testing, inspection, and engineering services for the construction industry throughout the western United States. The Company is committed to moving to a high performance workplace by retraining 195 workers in Computer Skills and Continuous Improvement Skills. This project has the support of Operating Engineers Local 3.

Mr. Chan introduced Jim Backman, Vice President of Operations, and Mary-Kaye Jansen, Senior Staff Accountant. Mr. Hodess questioned the availability of an apprenticeship program through the Operating Engineers JATC. Mr. Backman stated their contract does not allow for an apprenticeship program. He stated the Company realized the importance of continued training and would support an apprenticeship program. It has been negotiating with the local union for a training program.

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve the One-

Step Agreement.

Motion carried, 6-0.

# Injex Industries, Incorporated

Mr. Chan presented a One-Step Agreement for Injex Industries, Incorporated, in the amount of \$110,000 to retrain 55 employees in Manufacturing Skills, Continuous Improvement Skills, and Computer Skills. The proposal was brought to the attention of ETP through the marketing efforts of the California Manufacturers and Technology Association (CMTA). Injex Industries produces plastic injection molded interior trim parts for New United Motor Manufacturing, Inc. (NUMMI). Injex Industries has responded to major manufacturing changes at NUMMI by purchasing \$5 million in new production equipment and by planning an aggressive retraining program to meet the advanced quality standards required by NUMMI. United Automobile, Aerospace & Agricultural Implement Workers of America – UAW Local 76 supports this proposal.

Mr. Chan introduced Ebi Mogharei, Program Manager of Injex Industries, and Matt Maynard, CMTA.

ACTION: Mr. Rankin moved and Mr. Holstein seconded the Panel approve the

One-Step Agreement.

Motion carried, 6-0.

# **LeeMAH Electronics, Incorporated**

Mr. Chan presented a One-Step Agreement for LeeMAH Electronics, Incorporated, in the amount of \$535,314. This project was a direct result of marketing efforts by the California Technology Trade and Commerce Agency. LeeMAH Electronics manufactures printed circuit boards, surface mount technology boards, pin-thru-hole technology boards, and also produces prototypes for the automotive, telecommunications, semiconductor and medical industries. LeeMAH is requesting funding for assistance to retrain 274 employees in Continuous Improvement Skills, Computer Skills, Manufacturing Skills, and Management Skills to become a high performance workplace.

Mr. Chan introduced Bharat Rawal, Vice President Manufacturing, and William Kwan, Training Coordinator. Mr. Rankin questioned the high cost of health benefits and requested ETP staff to research.

ACTION: Mr. Holstein moved and Ms. Murphy seconded the Panel approve the

One-Step Agreement.

Motion carried, 6 - 0.

#### **Advanced Manufacturing & Development**

Mr. Rufo, manager of ETP's Sacramento field office, presented a One-Step Agreement for Advanced Manufacturing & Development, Inc., in the amount of \$278,837 to retrain 173 employees in Computer Skills, Manufacturing Skills, Business Skills, Continuous

Improvement, and Advanced Technology. California Technology Trade and Commerce Agency brought this project to the Panel. Advanced Manufacturing & Development (AMD) is a custom manufacturer of metal enclosures for medical, telecom, and test-measurement equipment, video arcade games and point of purchase displays. Cross-training employees to broaden their skills will allow AMD to offer better services and faster turn-around times to meet the customers' needs. The ETP program will allow AMD to expand their current training programs and provide more intensive training to staff. AMD is requesting the ETP fixed fee reimbursement of \$20 per hour for Advanced Technology skills training for 13 engineers who are directly involved in the complex design, analysis and testing of new products as well as the production of customized products for computer and medical equipment manufacturers. AMD is requesting a waiver for the turnover rate in excess of 20 percent. The market conditions for high tech manufacturers experienced a severe downturn last year resulting in a 22.96 percent turnover rate for AMD. Results from a recent statistical analysis on turnover rates in their industry showed the turnover rate ranged from 24 percent to 69 percent.

Mr. Rufo introduced Gordon Short, President & CEO, and T. J. Elton, Environmental Health & Safety Officer. Mr. Short stated the high technology industry was hit the hardest in the economic downturn. He stated that AMD's marketing plan that was recently put into place to diversify outside of high tech has been successful and the Company is experiencing and increase in sales.

ACTION: Mr. Holstein moved and Ms. Murphy seconded the Panel approve the

One-Step Agreement.

Motion carried, 6 - 0.

#### Affymetrix, Incorporated

Mr. Rufo presented a One-Step Agreement for Affymetrix, Inc., in the amount of \$206,100 to retrain 115 employees in Manufacturing Skills, Continuous Improvement, and Management Skills. The California Manufacturers Technology Association brought this project to the Panel's attention. The Company has developed and established a DNA gene chip technology system for acquiring, analyzing, and managing complex genetic information in order to improve the diagnosis, monitoring, and treatment of disease. This project will be the Company's second training agreement with ETP. In the first agreement, the curriculum consisted of Production Techniques only and was intended as a first step toward higher performance. Affymetrix officials have designed this second step training plan to provide training that will lead to higher workplace performance that should improve productivity and increase business viability. Affymetrix will pay an estimated \$427,700 in wages to trainees while in training. Company representatives stated that there would be approximately 16,500 additional trainee hours provided for on-the-job training after the ETP-funded training is completed. The Company estimated that the total cost for this additional training would be \$387,750.

Mr. Rufo introduced Steven Karas, Vice President and General Manager, and Marilyn Keehner, Human Resources Staffing Manager.

ACTION: Mr. Rankin moved and Mr. Holstein seconded the Panel approve the

One-Step Agreement.

Motion carried, 6-0.

#### **California Natural Products**

Mr. Rufo presented a One-Step Agreement for California Natural Products in the amount of \$179,064 to retrain 239 employees in Manufacturing Skills, Continuous Improvement, and Leadership Skills. This project was brought to the Panel's attention through the efforts of the California Manufacturers Technology Association. California Natural Products is a privately held corporation manufacturing low-acid aseptic food products and supplemental nutrients. The Company specialized in the conversion of food crops into finished consumer products such as soy and rice products, "Chai" teas, and a variety of soups and broths. California Natural Products is located in San Joaquin County, which is listed as a California county with an unemployment rate exceeding the State average by 50 percent. California Natural Products experienced a high turnover rate during 1999 due to employees not being able to accept the new corporate culture. Turnover is expected to be reduced below 20 percent due to the expected benefits of the proposed training program and the recent implementation of wage increases and an increased benefits package for employees.

Mr. Rufo introduced Rodney Tipton, Vice President of Technical Services, and Gerald Preston, III, TQM Facilitator; and Matt Maynard, CMTA.

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve the

One-Step Agreement.

Motion carried, 6-0.

#### SYSCO Food Services of Modesto

Mr. Rufo presented a One-Step Agreement for SYSCO Food Services of Modesto, Inc. in the amount of \$450,000 to retrain 345 employees in Business Skills, Continuous Improvement, Computer Skills, and Manufacturing Skills. This is the sixth project for SYSCO Food Services but the first project at this facility. Each SYSCO facility in California operates independently under separate California tax numbers. The organization operates 105 distribution facilities providing food products and distribution services to restaurants and food service operations. The Company has purchased a new software system that is designed to integrate order processing, inventory control, and shipping and receiving throughout the entire Modesto plant. The Company anticipates improved efficiency in its inventory and

distribution systems, and in productivity. SYSCO Food Services of Modesto is requesting a waiver of the ETP minimum wage of \$10.58 per hour to \$9.42 per hour for Stanislaus County, which is recognized as an area of California with high unemployment rate exceeding the State average rate by more than 50 percent.

Mr. Rufo introduced Suzi Monzingo, Vice President of Finance, and Pamela Cullors, Director of Human Resources.

ACTION: Ms. Murphy moved and Mr. Lennox seconded the Panel approve the

One-Step Agreement.

Motion carried, 6 - 0.

Ms. Carrillo presented to the Panel information on ETP trucking industry projects. She stated the majority of the trucking industry training projects have been in the past two years. There have been ten projects funded in the past two years totaling approximately \$5 million to train 1,200 new hires. Four hundred fifty-two trainees have completed training and employment retention at an average wage of \$10.40 per hour. She stated one year following the completion of retention, ETP was able to obtain information through the EDD base wage data file on 50 percent of the trainees who have completed employment retention. Data revealed 80 percent are still working and have had a 13.6 percent wage increase, 33 percent are with the same employer, and 60 percent have remained in the trucking industry.

# **United Truck & Car Driving School, Incorporated**

Ms. Torres presented a One-Step Agreement for United Truck & Car Driving School, Inc. in the amount of \$191,500 to train 50 unemployed individuals. United Truck & Car Driving School representatives report a great demand for qualified truck drivers in Southern California. The proposed training cost per trainee of \$3,830 is based on a 240-hour curriculum at the \$15 per hour new-hire training reimbursement rate. The Contractor has found that the 240 hours are the minimum hours necessary for a trainee to learn the skills and competencies to pass the Department of Motor Vehicles commercial license examination. Wages at retention are \$12.00 to \$18.75 per hour and there is a demonstrated continued progression of wages. United Truck & Car Driving School estimated that the total in-kind contribution by the School and participating employers would total approximately \$205,000.

Ms. Torres introduced Scott Hanley, President. Mr. Lennox was concerned about the effective use of ETP funds when the cost of training is extremely high for trainees whose wages after training are relatively low. Panel members were concerned with the lack of in-kind contributions from participating employers who realize the great benefit of the training but make no contribution to training. Mr. Rankin and Mr. Lennox suggested inviting a representative from the California Trucking Association to appear before the Panel. Mr. DeMauro stated ETP would make the invitation, and provide a speaker from the industry before bringing any future trucking industry proposals to the Panel.

ACTION: Ms. Murphy moved and Mr. Lennox seconded the Panel approve the

One-Step Agreement.

Motion carried, 6-0.

## **NOVA & San Mateo County Workforce Boards**

NOVA & San Mateo County Workforce Boards project has been withdrawn from consideration at this month's Panel meeting.

# Truck Driving Academy

Mr. Rufo presented a One-Step Agreement for Truck Driving Academy in the amount of \$681,740 to train 178 unemployed individuals. Trainees participating in this project will work in counties with unemployment rates exceeding the State average by at least 50 percent. Truck Driving Academy's (TDA) program will train individuals with no prior experience or training for entry-level employment as local or "over-the-road" drivers. Students are required to complete two segments of training: 1) classroom theory, and 2) behind-the-wheel, hands-on training in tractor-trailers with instructors present both in class and in the cab. The course has been designed to meet the needs of prospective employers of new drivers. ETP reimbursement for training will be \$3,830 for 240 hours of training calculated at the \$15 per hour new-hire reimbursement rate. Truck Driving Academy will absorb the cost of additional training if trainees require more hours to become proficient. Based on TDA's previous placement records, wages for truck drivers have demonstrated a significant wage progression. Within two years after completing training, TDA graduates earn an average of \$13.13 per hour. Truck Driving Academy estimates training and trainingrelated costs not covered by ETP funds to be approximately \$29,014, which includes Department of Transportation physical exam and drug testing. Department of Motor Vehicle license application, and books. Industry standards require employers of truck drivers to conduct training sessions and/or workshops with all drivers. TDA will provide data to the Panel on subsequent training, after the retention period, and when future training actually occurs. Participating employers will contribute approximately \$235,138 in wages paid to employees while in training.

Mr. Rufo introduced Charles Grant, Co-Owner, and Dianna Ojeda, Vice President. Mr. Grant stated results from their tracking data statistics of trainees for one year following completion of training showed an 80 – 90 percent retention rate.

ACTION: Mr. Holstein moved and Mr. Lennox seconded the Panel approve the

One-Step Agreement.

Motion carried, 6-0.

Mr. DeMauro stated that a packet of Agreements of less than \$100,000 was mailed mid-month to the Panel members for review. He stated since he did not hear from Panel members regarding any issues on those proposals. According to the continuous motion that was adopted previously, he will approve those Agreements. Mr. DeMauro did not include Folsom Lake Ford Incorporated in the packet to Panel members because staff had concerns regarding the supplemental nature of the proposed ETP funded training and he believed the Panel should hear the project. He indicated that Folsom Lake Ford also wanted to make a presentation to the Panel.

#### Folsom Lake Ford, Incorporated (SET)

Mr. Rufo presented a One-Step Agreement from Folsom Lake Ford in the amount of \$65,520 to retrain 28 frontline workers. This training program will provide 180 hours of classroom/laboratory and video conferencing training in new computer based technologies to journey level technicians. Folsom Lake Ford is a privately owned, full service new Ford dealership Folsom Lake Ford has certified that each of the 28 automotive technicians has received qualification at the journeyman level while employed by Folsom Lake Ford or was hired as fully qualified journey level automotive technician. Staff has concerns that the proposed training appears to not to be supplemental training. Folsom Lake Ford pays a subscription price to Ford Motor Company of \$3,100 per month to allow access to videoconferencing training over the Fordstar network. This subscription price is paid to Ford Motor Company whether or not Folsom Lake Ford sends all staff to this training. The training courses included in the ETP proposal include videoconferencing and classroom courses that are accessible as part of the monthly fee paid to Ford Motor Company. Additionally, several classroom courses in the proposed ETP project appear to be on-going training for journeymen technicians. Thus, it appears the ETP proposed training and funding would be supplanting what Folsom Lake Ford normally pays for training.

Mr. Rufo introduced Darryl Fontana, Director of Fixed Operations. Mr. Lennox stated that auto dealerships are provided training programs at virtually no cost from vendors, suppliers, parts houses, etc. Mr. DeMauro questioned the availability of the teleconference and classroom courses included in the \$3,100 licensing fee for the journeymen workers. Mr. Fontana replied the courses are available to all employees. He stated that since the training is not mandatory, the technicians do not use it. He stated it is too costly for them to send the high wage technicians to the training. Mr. DeMauro stated that ETP does not subsidize wages. Mr. DeMauro stated that it appears that the proposed ETP training, which is already available through the Fordstar network is training already available through the employer, not be supplemental training. Funding of such training is prohibited by the Panel's enabling legislation. Mr. Lennox stated it seemed illogical to him that the auto industry ceased apprenticeship and training programs when there is a shortage of mechanics. Ms. Murphy stated she did not feel comfortable supporting this proposal without comparing course content.

ACTION: Mr. Rankin moved and Mr. Lennox moved the Panel reject the

proposed One-Step Agreement.

Motion carried to reject the proposal, 6 - 0.

#### XI. STRATEGIC PLAN

Ms. Murphy stated she approves of the final Strategic Plan draft and was pleased to see references to multipliers removed. Ms. Kwalwasser stated she was interested in the impact on small businesses and having a more specific definition of small business. Ms. Carrillo stated the Regulation defines small business as a company with 250 or less full time employees. She stated the Regulation allows giving priority to businesses employing fewer than 100 full time employees, i.e., the 50 percent employer contribution required from businesses employing less than 100 employees vs. larger businesses being subject to 100 percent contribution, and the fixed fee reimbursement rate of \$20 per hour for small businesses. Ms. Carrillo stated the Strategic Plan focuses on businesses with no more than 100 full time employees.

Ms. Kwalwasser stated her concern regarding supplemental training. She stated her interpretation of supplemental training is training that would not otherwise take place. She stated, in reviewing projects, ETP should be mandated to question the contractor as to whether the training goes beyond what the employer provides, and whether the employer would provide the training if not funded by ETP. She stated the nature of supplemental training should be defined in the Mission Statement and should be mentioned frequently throughout the Strategic Plan.

Panel members suggested listing the targeted resources with bullets rather than numbers. Panel members also recommended moving "stimulating exports/imports" from first on the list of priorities.

Ms. Kwalwasser questioned the structure of reimbursement rates. Ms. Carrillo stated staff would be revisiting the reimbursement rate in the near future.

Ms. Carrillo stated because of the limited amount of \$8.2 million budgeted for SET projects, staff recommended approving up to 50 percent of available SET funds for the training of frontline workers eligible under the various SET provisions and approving at least 50 percent of remaining SET funds through a competitive bid process in order to better market and obtain innovative proposals for the various SET categories. Ms. Murphy questioned the need for regulation changes in order to do competitive programs. Ms. Carrillo replied her experience in working with the Department General Services on competitive bidding was that certain criteria were written into the proposals and there appeared no need for specific ETP regulatory authority. She indicated staff will bring to the Panel specific criteria for the competitive bid process. Mr. Hodess requested different terminology from "competitive bid process." He suggested inserting, "the Panel reserves the right to approve or reject proposals based upon

targeting specific industries." Mr. Rankin also preferred different terminology and recommended changing the statement of approving "at least" 50 percent of available SET funds through a "competitive bid process," to the Panel approve "up to" 50 percent of available SET funds through a process involving a "request for proposal."

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve the

Strategic Plan with the amended changes recommended by the Panel.

Motion carried, 6-0.

Mr. Hodess requested staff to report to the Panel at the September 26 Panel meeting on the proposed Regulation language for Career Ladders.

#### XII. PUBLIC COMMENT

There were no members of the public who wished to comment.

#### XIII. ADJOURN

There being no further business and no objection, the meeting was adjourned at 3:40 p.m.